

A grayscale photograph of the Chicago skyline, featuring prominent skyscrapers like the Willis Tower. The image is used as a background for the earnings presentation title.

EARNINGS PRESENTATION

Q4 AND FULL-YEAR 2019 RESULTS | FEBRUARY 6, 2020

SAFE HARBOR

A number of forward-looking statements will be made during this presentation. Forward-looking statements are any statements that are not historical facts. These forward-looking statements are based on the current expectations of Motorola Solutions, and we can give no assurance that any future results or events discussed in these statements will be achieved. Any forward-looking statements represent our views only as of today and should not be relied upon as representing our views as of any subsequent date. Forward-looking statements are subject to a variety of risks and uncertainties that could cause our actual results to differ materially from the statements contained in this presentation.

Information about factors that could cause, and in some cases have caused, such differences can be found on pages 9 through 21 in Item 1A of Motorola Solutions' 2018 Annual Report on Form 10-K, page 45 in Item 1A of Motorola Solutions' 2019 Third Quarter Report on Form 10-Q and in our other SEC filings available for free on the SEC's website at www.sec.gov, and on Motorola Solutions' website at www.motorolasolutions.com/investor

This presentation is being made on the 6th day of February, 2020. The content of this presentation contains time-sensitive information that is accurate only as of the time hereof. If any portion of this presentation is rebroadcast, retransmitted or redistributed at a later date, Motorola Solutions will not be reviewing or updating the material that is contained herein.

Non-GAAP Statements: Where we have used non-GAAP financial measures, reconciliations to the most comparable GAAP measure are provided, along with a disclosure on the usefulness of the non-GAAP measure, in the appendix of this presentation. These measures include "Non-GAAP Operating Expenses," "Adjusted Operating Cash Flow," "Free Cash Flow," and "Adjusted Free Cash Flow."

HIGHLIGHTS | Q4 2019

- **Sales of \$2.4B, up 5% driven by software and services**
- **GAAP operating margin 24.8%, up 190 bps**
- **GAAP EPS of \$1.39 inclusive of \$1.53 per share non-cash charge for U.S. pension de-risking**
- **Non-GAAP operating margin* 29.7%, up 90 bps**
- **Non-GAAP EPS* of \$2.94, up 12%**
- **Operating cash flow of \$795M**

* Non-GAAP, excluding highlighted items, stock-based compensation, and intangible amortization

HIGHLIGHTS | 2019

- **Sales of \$7.9B, up 7%**
 - Products and Systems Integration revenue up 5% driven by the Americas
 - Software and Services revenue up 14% driven by Americas and EMEA
- **GAAP operating margin 20%, up 290 bps; GAAP EPS of \$4.95**
- **Non-GAAP operating margin* 25.0%, up 130 bps**
- **Non-GAAP EPS* of \$7.96, up 11%**
- **Backlog of \$11.3B, up 6% year over year**
- **Operating cash flow of \$1.8B, up \$248M or 16%****
- **Invested \$709M in acquisitions, paid \$379M in dividends, and repurchased \$315M in common stock**

* Non-GAAP, excluding highlighted items, stock-based compensation, and intangible amortization

** Excludes impact of \$500M voluntary debt funded pension contribution in Q1 2018

FINANCIAL RESULTS

	Q4 18	Q4 19	Change	2018	2019	Change
Revenue	\$2,254	\$2,377	5%	\$7,343	\$7,887	7%
Non-GAAP Operating Earnings*	\$650	\$707	9%	\$1,740	\$1,975	14%
Non-GAAP Operating Margin*	28.8%	29.7%	90 bps	23.7%	25.0%	130 bps
Non-GAAP Earnings Per Share*	\$2.63	\$2.94	12%	\$7.15	\$7.96	11%

(\$M) excluding per share amounts

* Non-GAAP, excluding highlighted items, stock-based compensation, and intangible amortization.

CASH FLOW

(\$M)	2018	2019	CHANGE
Operating Cash Flow	\$1,075	\$1,823	\$748
Pension Contribution	\$500	\$0	(\$500)
Adj. Operating Cash Flow*	\$1,575	\$1,823	\$248
Capital Expenditures	(\$197)	(\$248)	(\$51)
Adj. Free Cash Flow**	\$1,378	\$1,575	\$197

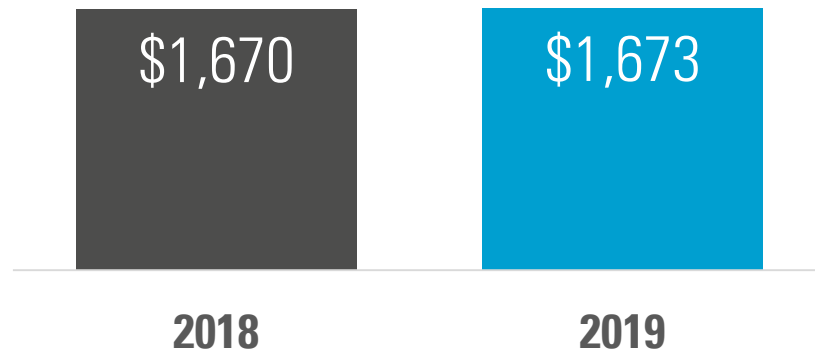
*Adjusted Operating Cash Flow excludes a \$500 million voluntary, debt-funded U.S. pension contribution in the first quarter 2018.

**Adjusted Free Cash Flow, a non-GAAP financial measure, is defined as Operating Cash Flow less Capital Expenditures and adjusted to exclude the impact of \$500M contribution to the pension plan for 2018.

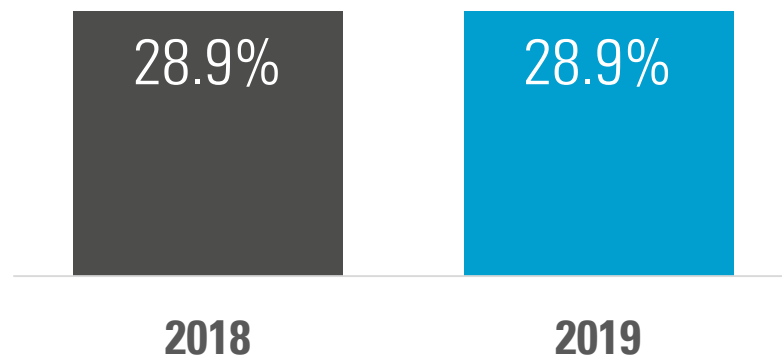
PRODUCTS & SI | Q4

Revenue

(\$M)



Non-GAAP Operating Margin % *



- Revenue growth in the Americas and AP offset by decline in Middle East & Africa

- Notable wins and achievements:

Land Mobile Radio

- \$64M P25 order for the State of Arkansas
- \$36M P25 order for Thurston County, WA
- \$24M P25 order for Luzerne County, PA
- Launched APX Next, our next-generation P25 radio

Video Security Solutions

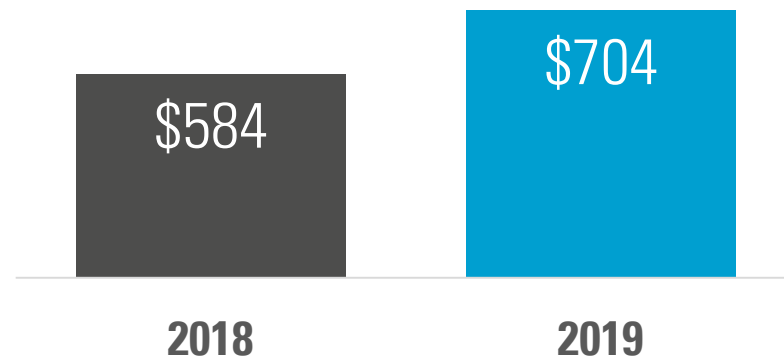
- \$5M in fixed video wins for government customers
- Launched Avigilon AI-powered H5 camera line

* Non-GAAP, excluding highlighted items, stock-based compensation, and intangible amortization

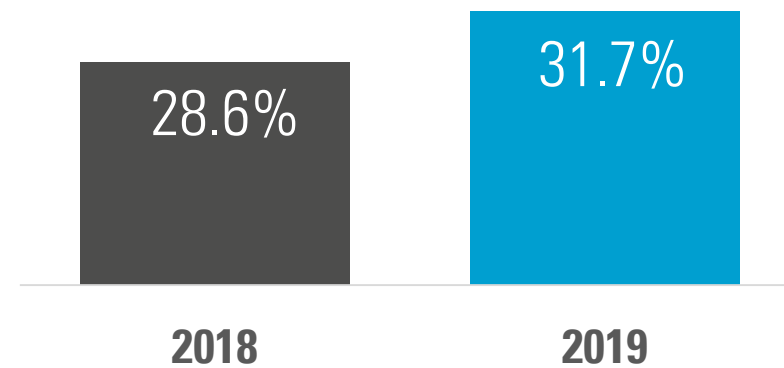
SOFTWARE & SERVICES | Q4

Revenue

(\$M)



Non-GAAP Operating Margin % *



- Revenue up 21%, driven by all regions
- Non-GAAP operating margin up 310 bps driven by higher gross margins and improved OPEX leverage
- Notable multi-year wins and achievements:

Software

- \$8M command center software suite order for Tulare Co., CA
- \$6M command center software suite order for Irvine, CA
- \$6M order for a CAD system for city of Atlanta, GA

Services

- \$68M P25 contract with State of Victoria, Australia
- \$29M P25 multi-year contract with the State of Connecticut
- \$24M P25 multi-year contract with the U.S. Navy

* Non-GAAP, excluding highlighted items, stock-based compensation, and intangible amortization

REGIONAL REVENUE | Q4

(\$M)	Q4 18	Q4 19	Change
AMERICAS	\$1,561	\$1,715	10%
EMEA	\$491	\$448	(9%)
AP	\$202	\$214	6%
TOTAL	\$2,254	\$2,377	5%

- **Americas** up with growth in LMR, Video Security, and Command Center Software
- **EMEA** down due to large system deployments in the Middle East in the prior year, partially offset by growth in Europe
- **AP** up driven by Australia

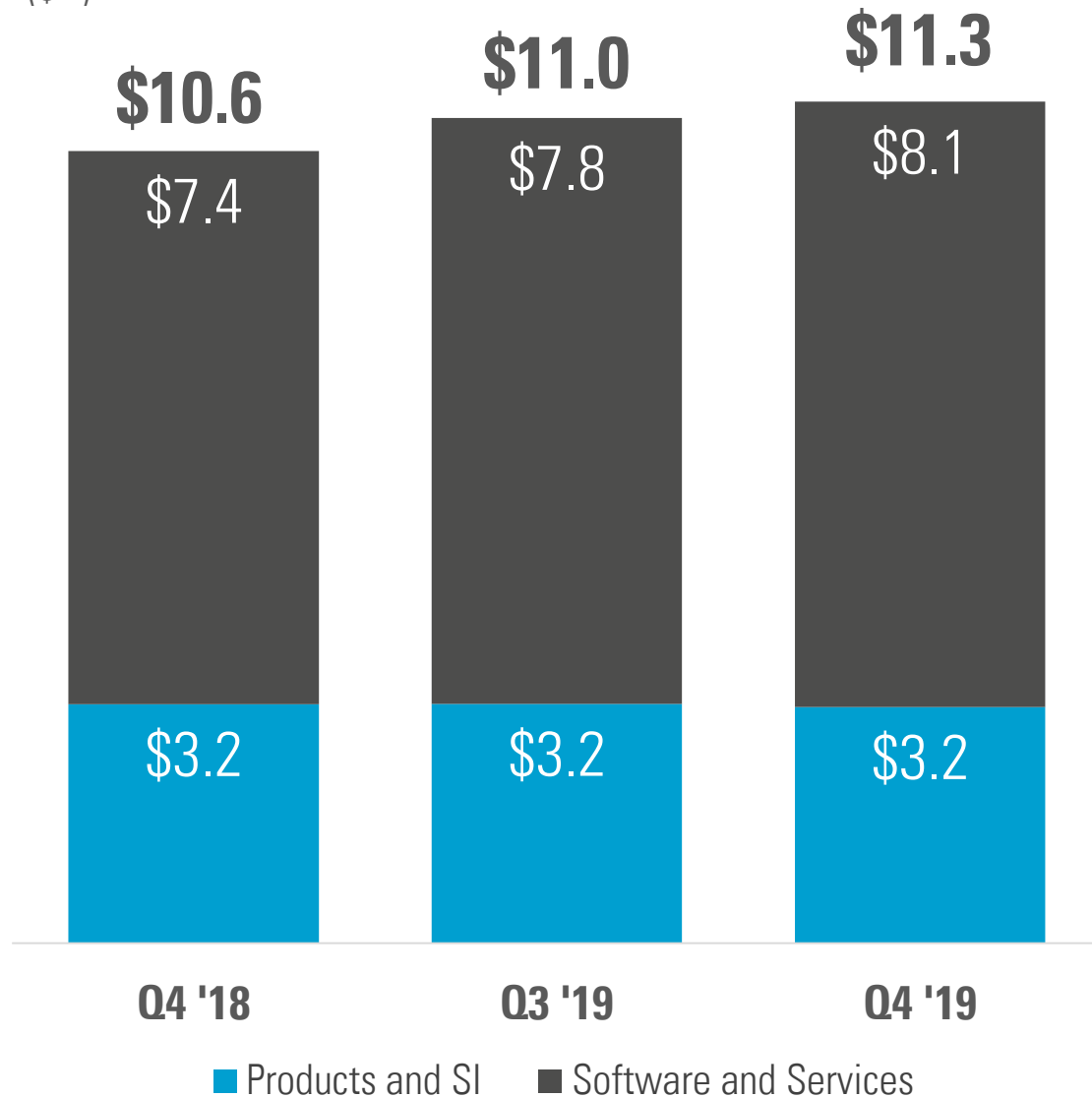
REGIONAL REVENUE | 2019

(\$M)	2018	2019	Change
AMERICAS	\$5,063	\$5,679	12%
EMEA	\$1,600	\$1,551	(3%)
AP	\$680	\$657	(3%)
TOTAL	\$7,343	\$7,887	7%

- **Americas** up with growth in LMR, Video Security, and Command Center Software
- **EMEA** down due to large system deployments in the Middle East in the prior year and FX headwinds, partially offset by growth in Europe
- **AP** down driven by China and FX headwinds

BACKLOG TREND

(\$B)



Software and Services

- Y/Y up \$699M driven by multi-year agreements in the Americas and the ESN extension
- Q/Q up \$261M with growth in all regions

Products and Systems Integration

- Y/Y down \$40M driven by two large system deployments in Middle East & Africa, partially offset by growth in Americas
- Q/Q down \$44M driven by EMEA and AP, partially offset by growth in the Americas

OUTLOOK (NON-GAAP)*

Q1 2020

Revenue Growth	approx 2%
Non-GAAP EPS	\$1.30 - \$1.35

FULL-YEAR 2020

Revenue Growth	approx 4%
Non-GAAP EPS	\$8.65 - \$8.80

Q1 Details

- Effective tax rate approx. 20%
- Fully diluted share count approx. 176M

Full-Year Details

- Effective tax rate approx. 23%
- Fully diluted share count 176M to 177M

*Q1 and FY outlook assumes current F/X rates as of February 5th, 2020

Q&A PARTICIPANTS

GREG BROWN

Chairman and CEO

GINO BONANOTTE

Executive Vice President and CFO

TIM YOCUM

Vice President, Investor Relations

JACK MOLLOY

Executive Vice President,
Products & Sales

KELLY MARK

Executive Vice President,
Software & Services

USE OF NON-GAAP MEASURES

In addition to the GAAP results provided during this event, Motorola Solutions has provided certain non-GAAP measurements. Motorola Solutions has provided these non-GAAP measurements as a measure to help investors better understand its core operating performance, enhance comparisons of Motorola Solutions' core operating performance from period-to-period and to allow better comparisons of Motorola Solutions' operating performance to that of its competitors. Among other things, the Company's management uses these operating results, excluding the identified items, to evaluate the performance of its businesses and to evaluate results relative to incentive compensation targets. Management uses operating results excluding these items because they believe this measure enables them to make better period-to-period evaluations of the financial performance of its core business operations. There are inherent limitations in the use of operating results excluding these items because the company's GAAP results include the impact of these items. The non-GAAP measures are intended only as a supplement to the comparable GAAP measures and the Company compensates for the limitations inherent in the use of non-GAAP measures by using GAAP measures in conjunction with the non-GAAP measures. As a result, investors should consider these non-GAAP measures in addition to, and not in substitution for, or as superior to, measures of financial performance prepared in accordance with GAAP.

Details of these items and reconciliations of the non-GAAP measurements provided during this presentation to GAAP measurements can be found in the Appendix to this presentation and on Motorola Solutions' website at www.motorolasolutions.com/investor.

USE OF NON-GAAP MEASURES

“Non-GAAP Operating Expenses,” “Adjusted Operating Cash Flow,” “Free Cash Flow,” and “Adjusted Free Cash Flow” are non-GAAP measures and should not be considered replacements for results in accordance with accounting principles generally accepted in the U.S. (“GAAP”). These non-GAAP measures may not be comparable to similarly-titled measures reported by other companies. The primary limitation of these measures is that they exclude the financial impact of items that would otherwise either increase or decrease our reported results. This limitation is best addressed by using these non-GAAP measures in combination with the most directly comparable GAAP measures in order to better understand the amounts, character and impact of any increase or decrease in reported amounts. The following provides additional information regarding these non-GAAP measures:

Non-GAAP Operating Expenses - R&D and SG&A expenses adjusted for stock based compensation expenses, reorganization charges, intangibles amortization expenses, and other highlighted items.

Adjusted Operating Cash Flow - Adjusted operating cash flow information reflects operating cash flow under GAAP excluding a \$500 million voluntary, debt-funded U.S. pension contribution in the first quarter 2018. The Company has excluded the impact of this contribution because the company believes that this item does not reflect expected future operating cash flows and does not contribute to a meaningful evaluation of the company's current operating cash flow performance or comparisons to the company's past operating cash flow performance.

Free Cash Flow - Operating Cash Flow minus CAPEX. We believe Free Cash Flow provides useful information to investors as it provides insight into the primary cash flow metric used by management to monitor and evaluate cash flows generated from our operations. This measure is also used as a component of incentive compensation.

Adjusted Free Cash Flow - Free Cash Flow excludes a \$500 million voluntary, debt-funded U.S. pension contribution in the first quarter 2018. The Company has excluded the impact of this contribution because the company believes that this item does not reflect expected future free cash flows and does not contribute to a meaningful evaluation of the company's current free cash flow performance or comparisons to the company's past free cash flow performance.

SUPPLEMENTAL NON-GAAP MEASURES

Motorola Solutions, Inc. and Subsidiaries Non-GAAP Trend (In millions, except for per share amounts)

	Q1 '17	Q2 '17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4 '19
Net sales	\$ 1,281	\$ 1,497	\$ 1,645	\$ 1,957	\$ 1,468	\$ 1,760	\$ 1,862	\$ 2,254	\$ 1,657	\$ 1,860	\$ 1,994	\$ 2,377
GAAP gross margin	570	690	794	970	669	822	901	1,088	773	931	1,007	1,220
Non-GAAP gross margin adjustments:												
Avigilon purchase accounting adjustment						10	9					0
Stock-based compensation expense	2	2	2	2	2	2	3	3	4	3	3	4
Reorganization of business charges	4	2	2	1	5	7	4	43	4	4	3	6
Non-GAAP gross margin	576	694	798	973	676	841	917	1,134	781	938	1,013	1,230
GAAP Operating earnings ("OE")	173	261	347	503	171	273	294	516	229	349	413	590
Non-GAAP OE Adjustments:												
Stock-based compensation expense	15	14	14	15	15	15	16	17	23	27	27	27
Reorganization of business charges	15	1	6	11	8	18	21	15	4	8	15	13
Intangibles amortization expense	36	37	39	39	41	53	46	48	50	52	52	54
Other highlighted items	(33)	(1)	2	(5)	18	-	59	8	1	1	(4)	13
Non-GAAP OE	\$ 212	\$ 316	\$ 412	\$ 566	\$ 260	\$ 378	\$ 452	\$ 650	\$ 315	\$ 444	\$ 509	\$ 707
GAAP OE%	13.5 %	17.4 %	21.1 %	25.7 %	11.6 %	15.5 %	15.8 %	22.9 %	13.8 %	18.8 %	20.7 %	24.8 %
Non-GAAP Adj %	3.0 %	3.7 %	3.9 %	3.2 %	6.1 %	6.0 %	8.5 %	5.9 %	5.2 %	5.1 %	4.8 %	4.9 %
Non-GAAP OE %	16.5 %	21.1 %	25.0 %	28.9 %	17.7 %	21.5 %	24.3 %	28.8 %	19.0 %	23.9 %	25.5 %	29.7 %
GAAP Other income (expense)	(53)	(56)	(61)	(38)	(31)	(46)	(24)	(52)	(44)	(74)	(65)	(397)
Non-GAAP Below OE adjustments	(6)	(17)	(20)	(2)	(4)	(2)	19	(1)	(8)	(23)	(26)	(353)
Non-GAAP Other income (expense)	(47)	(39)	(41)	(36)	(27)	(44)	(43)	(51)	(36)	(51)	(39)	(44)
GAAP Earnings (loss) attributable to Motorola Solutions, Inc.	77	131	212	(575)	117	180	247	423	151	207	267	244
Non-GAAP OE adjustments	39	55	65	63	89	105	158	134	86	95	96	117
Non-GAAP below OE adjustments	6	17	20	2	4	2	(19)	1	8	23	26	353
Non-GAAP tax adjustments and effect	\$ (2)	\$ (14)	\$ (38)	\$ 865	\$ (22)	\$ (36)	\$ (51)	\$ (100)	\$ (22)	\$ (27)	\$ (28)	\$ (197)
TOTAL Non-GAAP Earnings attributable to Motorola Solutions, Inc.	\$ 120	\$ 189	\$ 259	\$ 355	\$ 188	\$ 251	\$ 335	\$ 458	\$ 223	\$ 298	\$ 361	\$ 517
GAAP attributable to Motorola Solutions, Inc. earnings per share ("EPS")	\$ 0.45	\$ 0.78	\$ 1.25	\$ (3.56)	\$ 0.69	\$ 1.05	\$ 1.43	\$ 2.44	\$ 0.86	\$ 1.18	\$ 1.51	\$ 1.39
EPS adjusted for dilution*				(3.40)								
Non-GAAP attributable to Motorola Solutions, Inc. EPS adjustments	0.26	0.34	0.28	5.50	0.41	0.41	0.51	0.19	0.42	0.51	0.53	1.55
Non-GAAP attributable to Motorola Solutions, Inc. EPS	\$ 0.71	\$ 1.12	\$ 1.53	\$ 2.10	\$ 1.10	\$ 1.46	\$ 1.94	\$ 2.63	\$ 1.28	\$ 1.69	\$ 2.04	\$ 2.94
Diluted, w eighted average shares outstanding	169.9	169.0	169.0	168.9	170.6	171.7	172.6	173.4	174.6	176.1	176.4	175.6

*Under U.S. GAAP, the accounting for a net loss from continuing operations results in the presentation of dilutive earnings per share equal to basic earnings per share, as any increase in basic shares would be anti-dilutive to earnings per share. As a result of the highlighted items identified during Q4 2017, the Company reported a net loss from continuing operations within our GAAP Consolidated Statement of Operations, while reporting income on a non-GAAP basis. An adjustment is shown to reflect the dilution of 7.2 million dilutive shares outstanding in Q4 2017.

Historical amounts have been updated to reflect the retrospective adoption of ASU No. 2017-07 on January 1, 2018



—
THANK YOU
—